

**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**


Bulletin 99-3
Issued this 4th day of August, 1999

TO: ALL WORKERS' COMPENSATION INSURERS LICENSED IN MINNESOTA

This bulletin contains revisions to the filing procedures and forms that were contained in Bulletin 98-2, which was issued July 17, 1998.

1. The Workers' Compensation Rate Filing Form [DOC-WC-1] has been revised to include a blank for the name of the company making the filing.
2. The Rate Change Impact Table [DOC-WC-5] no longer needs to be included in workers' compensation rate filings.
3. A disclaimer has been added to the Sample Development of Pure Premium Multiplier [DOC-WC-6] to clarify that the format is only a sample and that the company's exhibit does not need to be identical to our example.
4. A line for "all other classification codes" has been added to the Average Effective Multiplier Calculation worksheet [DOC-WC-7] to clarify how the form is to be completed.
5. As a part of the filing process this year, the Department will review all schedule rating plans with schedule credits or debits greater than 40%. Any insurance company that proposes to use such a plan in 2000 must include, in this year's filing, an actuarial demonstration that the plan provides premium that is not excessive, inadequate, or unfairly discriminatory. The company must provide the demonstration regardless of whether the company has obtained approval for such a plan in a filing prior to 2000.

Questions regarding this bulletin should be referred to Tammy L. Lohmann, Senior Commerce Analyst at (651) 296-2327 or Mary Lou Houde, Commerce Analyst at (651) 296-8592.


DAVID M. JENNINGS
Commissioner of Commerce

Minnesota

Workers' Compensation Rate Filing Form

Name of Company

Overall Effect of Rate Change _____
(As compared to the latest filed by your company with the Department of Commerce)

1. ☐ Effective _____ we place on file a schedule of rates based on the
* _____ Ratemaking Report pure premium base rates with a standard
factor of _____ % applied to all pure premium base rates.
2. ☐ Effective _____ we place on file a schedule of rates based on the
* _____ Ratemaking report pure premium base rates with a standard
factor of _____ % applied to all pure premium base rates with deviations
for selected classes.
- **3. ☐ Effective _____ we place on file a schedule of rates developed by
our company, based on company experience, with or without the use of the pure
premium base rates.

* Fill in the year of the Ratemaking Report you are utilizing in developing the insurance
company's schedule of rates.

** If you "X" box 3, you must include a full explanation of the methodology used to develop
the schedule of rates filed, including a copy of base rates, adjustment percentages, and
any other information utilized in developing the filed schedule of rates.

**MINNESOTA WORKERS' COMPENSATION
RATE CHANGE IMPACT TABLE**

Average Change =

Code No.	Proposed Rate	Current Rate	% Change in Rate
2731	4.78	6.39	- 25.20%
4777	22.27	23.15	- 3.80%
4902	5.31	4.24	+ 25.24%
4923	3.44	3.07	+ 12.05%
5000	159.62	153.06	+ 4.29%
5020	20.63	18.53	+ 11.33%

No Longer Required to be Filed

SAMPLE DEVELOPMENT OF PURE PREMIUM MULTIPLIER

A. LOSS RELATED ITEMS

1. Loss cost modification factor	1.000	
2. 8 th -to-ultimate development factor	1.107	
3. Trend factor	1.054	
4. Loss adjustment expense	0.255	
5. Special Compensation Fund	0.150	
6. Loss factor $(A1 \times A2 \times A3 \times (1 + A4 + A5))$		1.639

B. PREMIUM-RELATED EXPENSES AND PROFIT

7. Commission and brokerage	0.064	
8. Other acquisition	0.061	
9. General expenses	0.083	
10. Taxes, licenses & fees		
a. Premium taxes	0.020	
b. Guaranty fund	0.005	
c. Other	0.005	
11. Total premium-related expenses (sum of B7 through B10)	0.238	
12. Profit & contingencies	0.060	
13. Credit for investment income	-0.160	
14. Total premium-related expense & profit (B11+B12+B13)	0.138	
15. Expected loss ratio $(1.0 - B14)$		0.862

C. FORMULA LOSS COST MULTIPLIER $(A6 / B15)$ 1.902

D. SELECTED LOSS COST MULTIPLIER _____

NOTE: The department does not require the format of the company's exhibit to be identical to the sample format, but the company's exhibit should not neglect any of the items shown above. The numbers used in this sample exhibit are illustrative only. The company should be able to explain and support its numbers.

**MINNESOTA WORKER'S COMPENSATION
AVERAGE EFFECTIVE MULTIPLIER CALCULATION**

This form must be completed by any company that deviates its multiplier for one or more classes or that does not include a charge for the Special Compensation Fund (SCF) in its multiplier

(1) code number	(2) current pure premium multiplier	(3) proposed pure premium multiplier	(4) SCF charge if not already included in (3) (% of pure prem)	(5) adjusted pure prem multiplier [(3)+(4)]	(6) prior year written premium	(7) relative exposure [(6)/(2)]	(8) relative proposed premium [(7)x(5)]
2731	1.600	1.550	0	1.550	1500	938	1453
4777	1.600	1.450	0	1.450	23100	14438	20934
4902	1.500	1.450	0	1.450	0	0	0
4923	1.500	1.450	0	1.450	42000	28000	40600
5000	1.600	1.550	0	1.550	155000	96875	150156
5020	1.600	1.550	0	1.550	10000	6250	9688
All Other	1.700	1.700	0	1.700	500	294	500
Total						146794	223331
Average effective pure premium multiplier [(8) total / (7) total]							1.521

SAMPLE